

HB 5638

AN ACT DECREASING THE TIME FRAME FOR PAYMENT BY AN APPRAISAL MANAGEMENT COMPANY TO AN APPRAISER

Many appraisers have expressed concerns over un-timely payment as well as the 60 payment time frame from AMC's operating in the state of Connecticut.

Some appraisers have reported that AMC's are taking as long as 6 months to pay despite the fact that statute 20-529b(c) obligates the AMC to pay the appraiser within 60 days after the completed appraisal report is delivered to the AMC.

Per statute 20-529b: "(c) Except in cases of breach of contract or substandard performance of services or where the parties have mutually agreed upon an alternate payment schedule in writing, each appraisal management company operating in this state shall make payment to an appraiser for the completion of an appraisal or valuation assignment not later than sixty days after the date on which such appraiser transmits or otherwise provides the completed appraisal or valuation study to the appraisal management company or its assignee".

Since it is common practice for AMC's to collect up front for the appraisal fee there is little reason for the AMC not to pay the appraiser immediately or at the latest within 30 days after the appraisal report is delivered. However, I would be remiss if I didn't mention that some AMC's have been known to use the appraisers fee as leverage to get the appraiser to modify their appraisal report in a way that satisfies the needs of their client, i.e. banks and mortgage companies.

Since AMC's are collecting up front for the appraisal and profiting as much as 100% if not more for the appraisal there is very little reason for the AMC not to pay the appraiser within 30 days after the completed appraisal report is delivered to the AMC.

While some AMC's may argue that by paying the appraiser within 30 days poses a cash flow problem for the AMC the same cash flow argument holds true for appraisers, moreover since many AMC's force appraisers to work for a reduced fee; All the while the AMC is profiting as much as 100% if not more from the cost of the appraisal.

The Connecticut Association of Real Estate Appraisers supports HB 5638 as we believe it addresses the aforementioned concerns. Moreover, the 30 day time frame creates a more healthy balance with respect to the payment of appraisal services

Submitted by the Connecticut Association of Real Estate Appraisers